

**Floor Statement by Senator Kent Conrad (D-ND) on GOP Budget Process Bill
June 28, 2006**

I come to the floor to respond to comments that were made by the chairman of the Budget Committee moments ago, that I don't think, if he were to have a chance to review what he said, would be what he intends to convey.

The chairman of the Budget Committee moments ago said that our side did not offer alternatives to the proposal that he was making to get our deficit and debt under control. The Senator knows that is not true. That is not accurate. That is not even close to being accurate.

Let me indicate that I have great respect for the chairman of the Budget Committee. He and I have a very good working relationship, although we disagree on some issues. We have, I have always felt, a respect between us. But for him to say we did not offer an alternative is not true. I think, on reflection, he would acknowledge that is not the case.

In fact, the record of the committee shows very clearly that we offered a comprehensive alternative to the one he was offering. In fact, he said publicly he appreciated the fact that I offered a comprehensive alternative.

Let's get straight, on a factual basis, what occurred in the Budget Committee. Here is the alternative I offered. It is an 11-point plan that involves a fully comprehensive approach to the explosion of deficits and debt. What was our alternative?

No. 1, we restored a strong Senate pay-go rule and statutory pay-go enforced with sequestration.

That is a lot of big words. The basic notion is pay-go. What is pay-go? Pay-go simply says, if you want to have more spending, you have to pay for it. If you want to have more tax cuts, you have to pay for them. This is a discipline we had in the 1990's that worked extremely well. Virtually every budget observer of either side said pay-go was an essential part of restoring budget discipline.

The second part of our proposal was to allow reconciliation -- a special fast-track procedure in the Senate -- for deficit reduction only. That was the intention of reconciliation when it was put in place. Unfortunately, in the last 5 years, reconciliation has been used not to reduce the deficit, but to increase it. That was never the intent of reconciliation, to provide special fast-track procedures, limited debate, limited amendments. That was approved for one reason only, to reduce the deficit. We ought to go back to that plan.

Third, we suggest the President ought to budget for the war instead of coming forward with these supplemental appropriations bills with tens of billions of dollars not part of the budget. We are over 3 years into this war. The President needs to be budgeting for the war.

Fourth, we reaffirmed the protections for Social Security -- they exist in current law -- ensuring its off-budget status so Social Security funds aren't pooled with all the other funds to disguise

from the American people the seriousness of our fiscal condition. And to prohibit fast-track changes to Social Security -- again, special rules that are outside the normal rules of the Senate that could lead to a shredding of Social Security and Medicare with very little debate and with virtually no amendments. I will get into that in a moment.

We also have a "save Social Security first" provision in our plan, a 60-vote point of order against any new spending or new tax cuts that increase the deficit until the 75-year Social Security solvency is restored.

We also restore for 2006 the 60-vote point of order against considering tax cuts or new spending or debt limit legislation without a new budget resolution.

It is amazing, but our colleagues on the other side last year put in place new spending caps as part of the plan that the chairman of the committee presented moments ago. Last year they put in place spending caps for 2006, 2007, 2008. Two weeks ago, when we passed the supplemental, they wiped them out. So when the Senator suggests that is the answer to our problems -- no, it is not the answer to our problems. No process is the answer to our problems, unless there is the will to actually do the job of reducing deficits and debt. No process is going to solve the problem.

That is made clear by what happened two weeks ago. Again, I say to my colleagues, the Senator comes forward with a whole new package of spending caps -- fine. Good. I am for spending caps -- but spending caps that are enforceable and real, that aren't waived the next year when they start to pinch. That is what our colleagues on the other side of the aisle did the week before last. Now they come with a new package of spending caps and say that's the answer? Wait a minute. Two weeks ago they undid the spending caps they put in place last year. Last year they put in spending caps for 2006, 2007, 2008. Then they come in the week before last in the supplemental appropriations bill and eliminate them.

Last year they put in place a budget point of order that says you can't have more tax cuts or more spending or more debt if you don't have a budget. Guess what they did two weeks ago -- they waived it. They said: Well, we weren't really serious about what we did last year. Forget it.

Forget it. Forget the spending caps we put in place last year. Forget the budget point of order we put in place last year. Forget it.

Now what is their answer? Now they are under pressure in an election year. They come out with this "stop overspending" plan that rehashes a bunch of the tired old things that haven't worked in the past and that they paid no attention to when they did put them in place.

We restore that 60-vote point of order they just waived. We also allow Congress to strip earmarks and other items inserted in the conference reports.

There is abuse going on in the Congress, and everybody knows it. Matters that are never considered in the Senate or the House are inserted in the conference committee in the dead of night, behind closed doors, and come out here with a straight up-or-down vote. That shouldn't be

permitted.

We require a 48-hour layoff period and a Congressional Budget Office score of conference reports, because all too often that has been abused. We are presented with a 600- or 700- or 800-page bill nobody has ever read, and nobody has any idea what is in it. And we are told to vote in a matter of hours. No. We ought to have 48 hours to study what is out here, and we ought to have a CBO score of any legislation that is considered so we know what it costs and so we know what is in it.

In addition, we require the Congressional Budget Office and the Joint Committee on Tax to score longer-term revenue and outlays for us to enforce the Byrd Rule for reconciliation and to show the fully phased-in 10-year cost of legislation. Once again, what is happening is colleagues are coming and they are presenting the 5-year cost of something, when they know that right behind the 5-year window the cost explodes. That is true of tax cut proposals and spending proposals. And we need to put a stop to it.

Also, in my proposal we enforce the discretionary spending limits. We enforce spending caps that in conjunction with pay-go have been effective in the past. And we initiate a real bipartisan effort to reduce the deficit with the President and with lawmakers.

Here is the reality. This budget situation has gone totally red. These are the biggest deficits in the history of the country in the last 4 years.

Even more serious than the deficit is the growth of the debt. Here is what has happened to the debt. After the first year of this President, the debt of the country was \$5.8 trillion. The chairman of the Budget Committee told us in committee we wouldn't have a budget this year. There won't be a budget at all.

But if either the budget proposal that cleared the Senate and the separate one that cleared the House were adopted, here is what would happen to the debt by 2011. It would be up to almost \$12 trillion. The consequences of all of this are that our debt is exploding and our debt held by foreigners is exploding.

This chart shows that it took 42 Presidents 224 years to run up \$1 trillion of our debt held abroad; that is, debt held by foreigners. It took 42 Presidents 224 years to run up more than \$1 trillion in U.S. debt held by foreigners. This President has more than doubled that amount in just 5 years.

This is an utterly unsustainable course. It is why I agreed with part of the chairman's message that we are on an unsustainable course, and we need to address this. But we need to do it in a bipartisan way. That is the great flaw in what the Senator has proposed.

Here is what has happened, a consequence of these massive deficits -- both the trade and budget deficits. We now owe Japan over \$600 billion. We owe the Chinese over \$300 billion. We even owe Mexico now over \$40 billion. Who would have believed it?

What is perhaps most stunning is if you look at the world's biggest borrowers, we are in the No. 1 position by far. In the 1980s, we were the largest creditor nation in the world. More countries owed us money than any other country in the world. We now owe more money than any other country in the world and by a large margin. If you look at all the money that is available to borrow in the world, we are borrowing about two-thirds of it. We are borrowing 65 percent of the money that is being borrowed by countries around the world. Our country alone is borrowing 65 percent of the money that is available to borrow.

The chairman came out. He has a program he calls SOS, "stop the overspending." Who is overspending? His party is in control. His party has had control for 6 years. They control the White House. They control the House, and they control the Senate. There is not one dime of this spending they are not responsible for. What has happened to spending? Spending has gone up 40 percent while they have had control -- a 40-percent increase in spending.

The chairman comes out with this plan. He says stop overspending. But look at it. A big part of this is these spending caps. As I have indicated, they put in spending caps last year, which they threw in the ditch two weeks ago. They have more budget points of order in their plan. They waived the budget point of orders they put in place last year. They did it week before last.

If you look at that specifics of the proposal the chairman has made, he goes back to the old Gramm-Rudman approach of setting targets. The problem was it didn't work then, and it is unlikely to work now because all of these targets can be gamed. That is what happened under Gramm-Rudman. They gamed them. So they meant nothing.

Here is the dotted red line that shows the first Gramm-Rudman targets. Then they changed them to this dotted red line. But the black line shows what actually happened to the deficit. The deficit didn't come within hailing distance of meeting these targets. Why? Because they were gamed just like they have gamed the spending caps that they themselves put in place last year when they started to pinch. They eliminated them.

That is exactly what happened under Gramm-Rudman. It was gamed, and it meant nothing; the great press releases, the sound and the fury, signifying nothing. This shows that the 1986 deficit, when they started Gramm-Rudman, was \$221 billion. In 1990, the last year of Gramm-Rudman, the deficit was \$221 billion. It was supposed to be close to zero. They made no progress. It didn't work.

The chairman comes out with a package that has Gramm-Rudman all over again. It doesn't have pay-go; wouldn't want to do that. That worked. So let us go back to something that didn't work and act as though we are doing something when we are doing nothing.

The GAO has concluded that Gramm-Rudman was ineffective. Here is what they said: "GAO has criticized Gramm-Rudman procedures for leading not to meaningful deficit reduction but rather to a whole generation of off-budget and other misleading practices that hid the true magnitude of the deficit problem. When even these practices failed to avoid sequestration, the deficit targets were simply revised and the date for achieving a balanced budget was postponed. Thus, instead of the government reaching a balanced budget in FY 1991, the original Gramm-

Rudman target, the deficit reached record levels.”

I appreciate the chairman's good intentions. I do believe he wants to do something about these deficits and debt. But the package he has come up with is not going to do the job. That is why we objected. That is why we offered an entire alternative.

Former Senator Hollings, who was one of the original architects of Gramm-Rudman, said this: “Instead of using Gramm-Rudman-Hollings to cut back some \$35 billion in spending each year, we were using it as a cover to increase spending \$35 billion each and every year. So I said, Give me a divorce from that. I don't want my name connected with it.”

The chairman's package also includes a biennial budget. Instead of budgeting every year, budget every 2 years. I guess we are not going to even have a budget this year. So maybe we are on a biennial budget without it even being in the law.

Can you think of any single major organization that just budgets every other year? What a bizarre idea. We are paying little attention to the budget. So the idea from the other side is let us pay even less attention. That is a good idea. It takes words away from me. To have the idea that because we are not being successful in managing our fiscal affairs, the answer is we only budget every 2 years. That would simply lead to more supplemental spending.

While the President is calling for a biennial budget, his budget for 2006-2007 failed to provide a discretionary spending policy beyond the first year. For the first time since 1989, this President, when he put out his budget, only gave 1 year of detail. Always before they had given 5 years. Why it makes any sense to go to 2-year budgeting is beyond me.

In addition, they have proposed a line-item veto, even though the Supreme Court said it is unconstitutional. In this package, they come with line-item veto again. But they have done it in a way that requires our colleagues' attention. They have done it with no opportunity to amend or to have extended debate on the proposed line-item veto target.

They also allow the President to cancel new mandatory spending proposals, such as those dealing with Social Security, Medicare, veterans, and agriculture. That is an extraordinary grant of power.

What if we had a bipartisan agreement to deal with the long-term challenges of Medicare and Social Security, and then the President would be given the power, under this act, to go undo it based on what he wanted to do, forget about the bipartisan negotiations? No, that can't be the way we do business around here. We truly need, on a bipartisan basis, to get together and deal with our massive deficits and debt. We can't engage in a negotiation, a detailed, difficult negotiation, and then have the President, on his own authority, be able to undo the very agreements we have reached. What earthly sense does that make? How could we possibly have a negotiation under those terms?

The CBO Director believes the line-item veto was unlikely to greatly affect the bottom line. He said: “Such tools cannot establish fiscal discipline unless there is a political consensus to do so.

In the absence of that consensus, proposed changes are unlikely to greatly affect the budget's bottom line.” He is right.

No President needs the line-item veto. This is from the *Roanoke Times* in Virginia. They said: “The President already has the only tool he needs, the veto. That Bush has declined to challenge Congress in 5-plus years is his choice. The White House no doubt sees reviving this debate as means of distracting people from the missteps, miscalculations, mistruths and mistakes that have dogged Bush and sent his approval rating south. The current problems are not systemic. They are ideological. A line-item veto will not magically grant lawmakers and the President fiscal discipline.”

They are not alone in that view. Here is a conservative columnist, George Will, who believes the line-item veto will shift too much power to the executive branch. He said: “It would aggravate the imbalance in our constitutional system that has been growing for seven decades. The expansion of executive power at the expense of the legislature.”

An American Enterprise Institute scholar calls the line-item veto proposal “shameful:” “The larger reality is this line-item veto proposal gives the President a great additional mischief-making capability, to pluck out items to punish lawmakers he doesn't like, or to threaten individual lawmakers to get votes on other things without having any noticeable impact on budget growth or restraint.” He went on to say this: “More broadly, it simply shows the lack of institutional integrity and patriotism by the majority in Congress. They have lots of ways to put the responsibility on budget restraint where it belongs, on themselves. Instead, they willingly -- even eagerly -- try to turn their most basic power over to the President. Shameful. Just shameful.”

The chairman of the Budget Committee indicated he has changed his proposal so the commission on Social Security and Medicare would require a 60-vote majority in the Senate. That is true. His original proposal did not do that. His original proposal had a simple majority being able to pass whatever a commission sent back.

What is wrong with the commission proposal he has left us with? What is wrong is, this proposal comes to us on a fast-track basis. In fact, the way it is designed, you could have a circumstance in which no amendments are permitted. I hope my colleagues are listening. They want to adopt a commission process that would permit the following: The commission, which has a majority of Republicans, says we want to cut Social Security 50 percent, comes up here to the Senate, the majority leader gets recognition, which he has the right to do under Senate rules, puts in an amendment, offers a quorum call, goes into a quorum call for 50 hours, with no amendments, no debate, and at the end of the 50 hours, we vote on the commission proposal. That is at the heart of what is wrong with what the chairman proposed. That is a completely unacceptable procedure.

We are not going to have a circumstance in which the future of Social Security and Medicare could be determined in the Senate under fast-track procedures that deny Senators a chance to amend or debate what comes from an unelected, unaccountable commission. Is that what we have come to in this country? I don't think so. This is not some dictatorship where things come

up here and Senators could be precluded from their right to amend or debate. That is the genius of the Senate.

Under the chairman's proposal, that is exactly what could happen. He says no majority leader would ever do that. Maybe not. Maybe what they would do, using that power, is say: There can only be five amendments, or I will use my power to preclude all amendments. Have we ever seen a majority leader do that? Yes, I have been here. I have seen it.

I say, as one Member, I will never, ever, go along with something that would be so consequential, determine the future of Social Security, the future of Medicare, and set up a circumstance in which no Senator could offer an amendment except the majority leader of the Senate. That looks like not just a fast-track process, that looks like a bum's rush.

The Senator gets a big push back from our side, you bet. He will get a real big push back because we are not going to agree to that. That is radical. That is reckless. We are not going to go along with that. The Senator can say it can never happen, but we all know it could happen.

I respect the chairman of the Committee on the Budget. I like him. We work together well. When he came out here and said we offered no alternatives, that is flatly untrue. We gave a detailed, comprehensive alternative which he praised publicly in the committee. To come to the Senate and say we offered no alternative is just not true. He knows it; I know it. The record shows it.

I am quite certain the Senator was exercised and upset and probably mis-spoke. I hope he corrects the record on this question. It cannot stand. It does not enhance this discussion or debate for either side to say things that are not accurate. He is upset that some of our side apparently said the commission proposal would come up here on a simple majority. That was his initial proposal. Under my criticism of that approach, he did alter that. But he still left us with a fast-track process that could preclude amendments and debate on something as fundamental as the future of Social Security and Medicare. That is just not acceptable.